

or to utilise the money in the development of any business in which they may be engaged—a sign accordingly of the kind of borrower to be encouraged.

It is exceedingly unwise to make advances upon the security of manufacturing premises. Many of them, of course, may admirably suit this purpose, but the investor must consider the following contingencies in any instance which may be submitted to him: the possibility of an alteration in the demand for the articles manufactured, either from a change of fashion, or from competition at home and abroad, or from future deficient management; the two former causes may require large additional expenditure to cope with the altered condition, and the money may not be forthcoming; the practical impossibility in many instances, if the particular trade should fail or prove inadequately productive, of adapting the premises and machinery to other industrial purposes which may be more prominently in favour—so that, in some cases, there may exist the prospect of the mortgagee being left as his security with useless buildings and virtually bare land. The difficulty, naturally, is augmented if the property be held on leasehold tenure, through the necessary discharge of the ground-rent with no income, or insufficient income, to provide it. With these possible vicissitudes, which are difficult of measurement, the investor will prudently avoid these securities, however flourishing and stable be their condition. A similar remark applies to flats and mansions, on the ground of the vast competitive extent to which they have been erected, and the possibility of a change in residential fashion creating a serious general fall of value.

The purchase of properties (houses, shops and ground-rents) may be briefly considered.

1. The observations already made upon the situation and surroundings of the property are most vital here, since the investor's possible experience of vicissitudes is not limited to the brief currency of an advance, but extends as a perpetuity in freeholds, and for a considerable period where leaseholds

are concerned. The possible adverse incidents are numerous and have already been described, but this fact simply suggests the greater caution and judgment in choosing the properties